

**CITY OF SALIX
INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES
FOR THE PERIOD
JULY 1, 2014 THROUGH JUNE 30, 2015**

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CITY OF SALIX
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Linda Cox	Mayor	Dec 2017
Sharla Dicks	Council Member	Dec 2017
Stanley Johnson	Council Member	Dec 2017
Kevin Nelson	Council Member	Dec 2017
Steve Hubert	Council Member	Dec 2020
Tim Skidmore	Council Member	Dec 2020
Barbara Parker	Clerk/Treasurer	Indefinite
Jeff Star	Attorney	Indefinite



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Independent Accountants' Report on Applying Agreed-Upon Procedures

To the Honorable Mayor
and Members of City Council:

We have performed the procedures enumerated below which were established pursuant to Chapter 11.6 of the Code of Iowa enacted by the Iowa Legislature to provide oversight of certain Iowa cities and agreed to by the City Council of the City of Salix, Iowa. These procedures were solely to assist you with respect to the accounting records and administrative requirements of the City of Salix, Iowa for the year ended June 30, 2015. The City of Salix's management is responsible for the City's accounting and administrative records.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and the standards for attestation engagements contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of those parties specific in the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and findings are summarized as follows:

1. We reviewed four City Council meeting minutes for compliance with Chapters 21, 372.13(6) and 380 of the Code of Iowa. We noted that board meeting documents posted do not include all information required by Iowa Code. We recommend that a detailed list of disbursements and a summary of receipts be posted with minutes after board meetings.
2. We reviewed the City's internal controls to determine if proper control procedures are in place and incompatible duties, from a control standpoint, are not performed by the same employee. We noted there was an overall lack of adequate segregation of duties. We realize segregation of duties is difficult with a limited number of employees. However, we recommend the City review its control procedures to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials. Independent reviews of reconciliations should be evidenced by the signature or initials of the reviewer and the date of the review.
3. We reviewed surety bond coverage for compliance with Chapter 64 of the Code of Iowa. The surety bond coverage complied with Chapter 64 of the Code of Iowa.
4. We obtained and reviewed the City Clerk's financial reports and selected two months of bank reconciliations to determine whether the bank balances

properly reconciled to the general ledger account balances and monthly financial reports provided to the City Council. The months of October 2014 and June 2015 were properly reconciled and agreed to the general ledger and financial reports.

5. We reviewed City funds for consistency with the City Finance Committee's (CFC) recommended uniform chart of accounts and to determine required funds and fund balances are properly maintained and accurately accounted for. No exceptions were noted.
6. We reviewed the City's fiscal year 2015 Annual Financial Report (AFR) to determine whether it was completed and accurately reflects the City's financial information. The 2015 AFR was completed and agrees to the City's financial information. No exceptions noted.
7. We reviewed investments to determine compliance with Chapter 12B of the Code of Iowa. All investments complied with Chapter 12B of the Code of Iowa.
8. We reviewed compliance with Chapters 12C.2, 12B.10B and 556.1(12) of the Code of Iowa pertaining to required depository resolutions, investment policy and reporting of unclaimed property to the State of Iowa. We noted the City does not have a written investment policy. We recommend the City prepares a written investment policy.
9. We reviewed debt, including general obligation and revenue bonds/notes, and related transactions for proper authorization and compliance with Chapters 75, 384 and 403.9 of the Code of Iowa and to determine whether the debt and related proceeds and repayments were properly accounted for. No exceptions noted.
10. We completed a proof cash for the period July 1, 2014 through June 30, 2015. The disbursements and receipts from the twelve months of bank statements appear to agree to the activity within the City's financial records. No exceptions noted.
11. We reviewed and tested one month of receipts for accurate accounting and consistency with the CFC recommended chart of accounts. No exceptions noted.
12. We reviewed and tested 30 disbursements for proper approval, adequate supporting documentation, accurate accounting and consistency with the CFC recommended chart of accounts and compliance with the public purpose criteria established by Article III, Section 31 of the Constitution of the State of Iowa. No exceptions noted.
13. We reviewed transfers between funds for propriety, proper authorization and accurate accounting. We noted no transfers in fiscal year 2015.
14. We reviewed and tested five payroll and related transactions for propriety, proper authorization and accurate accounting. No exceptions noted.
15. We reviewed the annual certified budget for proper authorization, certification and timely amendment. No exceptions noted.
16. We reviewed the Clerk's financial reports presented to the City Council which include cash balances and year-to-date receipts and disbursement but the

reports provided to council did not include comparisons to the certified budget by function. To provide better control over budgeted disbursements and the opportunity for timely amendments to the certified budget, we recommend the Clerk's monthly financial reports to the City Council include comparisons to the budget by function.

17. We reviewed the City's fund balances at June 30, 2015 and noted the City had a deficit balance in the projects fund. We recommend the City investigate alternatives to eliminate these deficits to return the fund to sound financial position.

We were not engaged to and did not conduct an audit of the City of Salix, the objective of which is the expression of opinions on the City's accounting and administrative records. Accordingly, we do not express such an opinion. Had we performed additional procedures, or had we performed an audit of the City of Salix, additional matters might have come to our attention that would have been reported to you.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Salix and other parties to whom the City of Salix may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Salix during the course of our examination. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.


Certified Public Accountants

Le Mars, Iowa
December 19, 2015